

**FISCAL YEAR 2009  
MONITORING REPORT ON THE  
VOCATIONAL REHABILITATION AND  
INDEPENDENT LIVING PROGRAMS  
IN THE COMMONWEALTH OF THE  
NORTHERN MARIANA ISLANDS**



**U.S. DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND  
REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
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## EXECUTIVE SUMMARY

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The Rehabilitation Services Administration (RSA) reviewed the performance of the following programs authorized by the *Rehabilitation Act of 1973*, as amended (the Act), in CNMI:

- the VR program, established under Title I;
- the SE program, established under Title VI, part B;
- the IL program, authorized under Title VII, part B; and
- the IL services program for OIB, established under Title VII, Chapter 2.

### CNMI Administration of the VR, SE, IL and OIB Programs

The CNMI Office of Vocational Rehabilitation (OVR) is an independent agency under the Office of the Governor that is responsible for the administration of the VR, SE, IL and OIB programs. OVR maintains an administrative office in Saipan and provides services to individuals throughout the commonwealth.

### OVR's Performance Over the Past Five Years

OVR's overall employment rate increased from 60.3 percent in FY 2003 to 73.9 percent in FY 2008. The number of applicants increased from 70 in FY 2004 to 311 in FY 2007. However, the number of applicants decreased to 166 in FY 2008. The number of individuals served increased from 87 in FY 2005 to 204 in FY 2007. The average hourly earnings increased from \$9.23 in FY 2003 to \$10.97 in FY 2007.

In FY 2007, OVR served 204 individuals and closed 61 individuals after receiving services. Of the individuals closed after receiving services, 39 were successfully rehabilitated and 22 were closed unsuccessfully. The number of individuals who achieved a SE outcome decreased from 12 in FY 2005 to zero in FY 2007.

The number of individuals OVR's IL program has served through grants or contracts with CNMI's Center for Living Independently (CNMI-CLI) was 87 in both FY 2007 and FY 2008. CNMI-CLI served 30 individuals in FY 2008, in addition to the OVR's IL program.

The number of individuals served in OVR's OIB program has decreased from 33 in FY 2007 to 30 in FY 2008.

**Challenges:** RSA identified the following programmatic challenges that OVR faces in its efforts to improve its performance.

### Challenges:

- recruiting and retaining qualified management and program staff;
- the Statewide Independent Living Council (SILC) and the State Rehabilitation Council (SRC) are not fully constituted;

- expenditure of a substantial amount of funds on off-island travel for staff and consumers without policies, procedures or fiscal controls;
- establishing a partnership with the public school system, which contributes to minimal provision of services to transition-age youths;
- providing the full range of services and maximizing the resources that qualified staff and community rehabilitation programs (CRPs) could provide; and
- increasing the number of individuals served with most significant disabilities who are not employed at application.

## INTRODUCTION

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Section 107 of the Act requires the commissioner of the RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its State Plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the state plan Supplement for SE under Title VI part B of the Act and programs offered under Title VII of the Act are substantially complying with their respective state plan assurances and program requirements.

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- identifies strengths, areas of consistently high performance, areas of improved performance, challenges and areas of performance that need to be improved;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance (TA) to the state agency in order to improve its performance, meet its goals, and fulfill its State Plan assurances.

### Scope of the Review

RSA reviewed the performance of the following programs of the Act:

- the VR program, established under Title I;
- the SE program, established under Title VI, part B;
- the IL programs authorized under Title VII, part B; and
- the OIB program, established under Title VII, Chapter 2.

### Appreciation

RSA wishes to express appreciation to the representatives of the OVR, the SRC, the SILC, the Client Assistance Program (CAP), and the stakeholders who assisted the RSA monitoring team in the review of OVR.

## **CHAPTER 1: RSA'S REVIEW PROCESS**

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### **Data Used During the Review**

RSA's data collections are finalized and available at different times throughout the year. RSA's review of OVR began in the fall of 2008, and ended in the summer of 2009. When FY 2008 data became available toward the end of the review period, and if these data signaled a significantly different level of performance than the previous five-year trend, RSA included the FY 2008 data in the report. Otherwise, this report relies primarily on RSA's FY 2007 data collections as the most recent source of data about OVR's performance.

### **Review Process Activities**

During the review process, the RSA CNMI state team:

- gathered, shared, and reviewed information regarding each program's performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted an on-site visit, and held multiple discussions with state agency staff, SRC members, SILC members, and stakeholders;
- provided TA during the review process;
- identified areas of improved performance;
- identified performance areas for improvement and recommended that OVR undertake specific actions to improve its performance;
- identified compliance findings and required OVR to take corrective action;
- in collaboration with OVR determined whether RSA would provide TA to improve its performance or correct compliance findings; and
- identified issues for further review.

### **RSA CNMI State Team Review Participants**

Members of RSA's CNMI team included representatives from each of RSA's State Monitoring and Program Improvement's five functional units. The RSA review team was made up of the following individuals: James Billy (TA Unit); Regina Luster (Fiscal Unit); Joe Pepin (Data Collection and Analysis Unit); Felipe Lulli (IL Unit); James Doyle (VR Unit); Tonya Stellar (VR Unit); Douglas Zhu (VR Unit); Brian Miller (VR Unit); and Terry Martin (TA Unit).

### **Information Gathering**

During FY 2009, RSA began its review of OVR by analyzing information including, but not limited to, RSA's various data collections, OVR's VR and IL State Plans, and OVR's SRC's annual report. After completing its internal review, the RSA team carried out the following information gathering activities with OVR and stakeholders in order to gain a greater understanding of OVR's strengths and challenges:

- conducted on-site sessions with VR and IL stakeholders in September 2008;
- conducted three teleconferences with OVR management beginning in July 2008;
- conducted on-site monitoring activities from September 15-19, 2008, and met with OVR and IL staff, stakeholders, the CAP, and members of the SILC and SRC; and
- conducted sessions in Washington, DC, on February 23, 2009 and February 24, 2009, with the director of OVR, SRC chairperson and consultant to OVR, who acts in the capacity of VR supervisor and quality assurance (QA) specialist.

## CHAPTER 2: OVR VR AND SE PROGRAMS

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Table 2.1 provides OVR's fiscal, VR and SE program data for FY 2003 through FY 2007. The data elements provide an overview of the VR program's costs, outcomes and efficiency. The table identifies the amount of funds used by the agency, the number of individuals who applied, and the number who received services. It also provides information about the quality of the agency's employment outcomes and its transition services.

From FY 2003 to FY 2006, there has been an overall increase in the number of applicants, the number individuals served, individuals who achieved successful employment, individuals who achieved employment in an integrated setting, and persons who achieved competitive employment and were not employed at application.

Additionally, from FY 2006 to FY 2007, OVR increased the number of individuals who achieved employment, the number of individuals who achieved employment in an integrated setting, individuals who achieved competitive employment and were not employed at application, individuals who achieved competitive employment and worked 35 or more hours per week at substantial gainful activity, and individuals who achieved competitive employment with employer-provided medical insurance.

In FY 2007, OVR served 204 individuals and successfully rehabilitated 39 individuals. Of those who achieved successful employment, no individuals achieved a SE outcome. During the five-year period from FY 2003 to FY 2007, the number of individuals who achieved employment increased from 32 in FY 2003 to 39 in FY 2007. The number of applicants increased from 107 individuals in FY 2003 to 311 individuals in FY 2007 and decreased to 166 in FY 2008. The number of individuals served increased from 87 individuals in FY 2003 to 204 individuals in FY 2007.

OVR increased the overall average hourly wage earned by individuals who achieved competitive employment from \$11.72 per hour in FY 2003 to \$14.75 per hour in FY 2006. However, average hourly wage decreased to \$13.42 per hour in FY 2007. The overall number of individuals who achieved competitive employment and received employer provided medical insurance increased from 13 in FY 2003 to 16 in FY 2007. The overall average number of hours worked per week decreased from 40 in FY 2003 to 36.39 in FY 2007.

The number of transition-age youths served decreased from 18 in FY 2004 (22.2 percent of transition-age youths served to total population served) to six in FY 2007 (9.8 percent of transition-age youths served to total population served). The rehabilitation rate for transition-age youths served decreased from 75 percent in FY 2005 to 50 percent in FY 2007. The number of transition-age youths who obtained employment decreased from 6 in FY 2005 to 3 in FY 2007.



**Table 2.1**  
**Program Highlights for OVR VR and SE Program for FY 2003 through FY 2004**

Northern Marianas Office of Vocational Rehabilitation	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Total funds expended on VR and SE	\$912,017	\$1,044,759	\$923,116	\$1,028,679	\$1,237,048
Individuals whose cases were closed with employment outcomes	32	32	40	33	39
Individuals whose cases were closed without employment outcomes	21	49	18	10	22
Total number of individuals whose cases were closed after receiving services	53	81	58	43	61
Employment rate	60.38%	39.51%	68.97%	76.74%	63.93%
Individuals whose cases were closed with supported employment outcomes	0	2	12	5	0
New applicants per million state population	987.5	787.5	0	1,362.50	3,525.00
Average cost per employment outcome	\$1,047.03	\$6,347.19	\$2,276.68	\$1,957.39	\$1,463.21
Average cost per unsuccessful employment outcome	\$496.14	\$950.65	\$1,058.22	\$454.10	\$3,077.00
Average hourly earnings for competitive employment outcomes	\$11.72	\$11.20	\$14.70	\$14.75	\$13.42
Average state hourly earnings	N/A	N/A	N/A	N/A	N/A
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	N/A	N/A	N/A	N/A	N/A
Average hours worked per week for competitive employment outcomes	40	37.89	38.43	38.42	36.39
Percent of transition age served to total served	18.87%	22.22%	13.79%	18.60%	9.84%
Employment rate for transition population served	50.00%	11.11%	75.00%	50.00%	50.00%
Average time between application and closure (in months) for individuals with competitive employment outcomes	17.3	22.6	15.8	12.5	10.5
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Not Met	Not Met	Not Met	Not Met	Not Met

## VR and SE Service Delivery

OVR provides services to individuals residing on the three main islands (Saipan, Tinian, and Rota) that constitute CNMI. OVR staff are located at the central office on the island of Saipan. OVR provides services to individuals through collaborative relationships with a number of public entities including the Council on Developmental Disabilities (CDD), the Department of

Public Health (DPH), the Department of Public Safety (DPS), the Northern Marianas Community College (NMCC), the Commonwealth Developmental Authority (CDA), the Department of Community and Cultural Affairs (DCCA), and the Public School System/Special Education Program (PSS/SEP). There is one non-profit community rehabilitation service provider (CRP) in CNMI. OVR is serving all individuals with disabilities in all priority categories, as defined in OVR policies. The agency defines three priority categories for the provision of services, including most significant, significant, and non-significant disabilities, however, it has not implemented an order of selection.

OVR delivers direct job placement and job coaching services through the agency's VR counselors. The agency has expanded its use of a CRP to provide job coaching services in order to serve more individuals. OVR is working in collaboration with one CRP through a fee for service contract to provide job-coaching services to individuals with disabilities.

OVR marketed its services to employers as medical support services and developed partnerships with employers to assist individuals with maintaining employment.

OVR VR counselors do not currently work in conjunction with the Work Incentive Planning and Assistance Program to provide benefits planning to persons with disabilities in preparation for returning to work and understanding the impact of employment on Social Security benefits.

In FY 2007, OVR received an allotment of \$ 37,125 to operate the SE program authorized under Title VI, part B. However, OVR does not have an extended services provider on CNMI and does not engage in any contractual arrangements for the provision of SE services through a CRP located in the commonwealth. The Autism Society communicated to OVR that it is interested in becoming a SE services provider. Although the number of individuals who obtained SE increased from two in FY 2004 to 12 in FY 2005, the number decreased to five in FY 2006. OVR did not report any SE closures in FY 2007.

OVR reported its goal to increase self-employment and to expand the program to individuals with all disabilities. From FY 2006 through FY 2008, CNMI reported to RSA zero self-employment closures for individuals who successfully obtained employment. However, two individuals achieved self-employment in FY 2005. OVR reported it is developing policies regarding the provision of self-employment and procedures for successful closure.

OVR is able to utilize the Assistive Technology (AT) Advisory Council's AT lab that serves as a demonstration lab. OVR coordinates AT assessments with service providers on Guam and the Philippines, as well as with the health department on CNMI. The off-island providers and a physical therapist at CNMI's health department provide AT services to OVR including consultation, evaluation and training. OVR purchases prosthetic devices from providers in Hawaii and the Philippines.

## **Personnel**

As of September 2008, OVR employed a total staff of 12 individuals that included four administrators, three VR counselors, two counselor aides, one vocational rehabilitation tech and one support staff, and one administration vacancy. In addition, CNMI contracts supervisory duties and QA through a private consultant. CNMI does not have an established standard for qualified VR counselor. OVR uses the national standard as the standard for qualified VR counselor. Currently, one counselor has master's degree, while two individuals are enrolled in a master's degree rehabilitation counseling program. Neither individual is enrolled in the master's program has a training plan.

## **Data Management**

OVR collects data through an electronic case management system. However, OVR does not consistently utilize the system for planning, evaluation of program performance, or QA. The QA consultant uses case management reports to supervise and monitor case management activities, but the reports are not used by agency management and staff to improve the efficiency and effectiveness of OVR's service delivery system. In addition, data and case management reports are not used in the evaluation of counselor performance.

## **Quality Assurance**

OVR employs a consultant to conduct service record reviews and recommendations are submitted to the agency director. OVR does not employ staff in a QA unit, or maintain a formal QA system. The QA consultant communicates with staff through weekly and monthly planning meetings. The activities conducted by the QA consultant include:

- identifying training needs through service record reviews focused on the interpretation and implementation of policies and procedures related to service delivery;
- coordinating district-wide training to correct casework inconsistencies;
- providing TA to district staff regarding case management concerns;
- reviewing the service records of individuals in eligibility status to assess the effectiveness of assessments in vocational goal planning, vocational guidance and counseling, timeliness of case progression, and case management practices; and
- providing written reports to OVR's director based upon case reviews, including recommendations to improve quality, policy, or casework practices.

## **Planning**

OVR developed goals and strategies in collaboration with the SRC and conducted a comprehensive statewide needs assessment in FY 2007. OVR and the SRC identified and implemented goals to facilitate assistance provided to individuals to obtain and maintain employment and independent living outcomes. OVR and the SRC are in the process of developing the methodology for conducting a statewide comprehensive needs assessment in FY 2010.

## **VR and SE Programs TA Provided to OVR during the Review Process**

RSA provided the following VR and SE program TA to OVR during the review process regarding:

- revisions to its policies concerning the determination of eligibility and ineligibility, the modification of vehicles, confidentiality and the release of records, comparable benefits, work experiences and off-island travel for consumers and staff;
- clarification of procurement regulations to include the bid process, fee schedule and the development of an expected family contribution scale; and
- provision of state agency contact information and resources regarding the policies, procedures and implementation of financial contribution through an expected family contribution or sliding fee scale.

## **Observations of OVR and Its Stakeholders about the Performance of the VR and SE Programs**

RSA solicited input from OVR and a wide range of stakeholders regarding the performance of the VR and SE programs. OVR and its stakeholders shared the following observations:

- there are positive collaborative relationships between OVR, the SRC, the SILC, and community partners including the CDD, DPH, DPS, NMCC, CDA, DCCA, and the PSS/SEP;
- concerns regarding the lack of resources such as transportation, training and evaluation, community rehabilitation programs and mental health services;
- concerns regarding attitude of employers toward hiring individuals with disabilities;
- implications of the Department of Homeland Security assuming responsibility for immigration authority on CNMI, which is scheduled for November 28, 2009 and limiting foreign workers increasing entry-level employment opportunities for individuals served by VR; and
- concerns regarding the overall lack of employment opportunities.

RSA discussed the observations of its stakeholders with OVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **Continuing Education Needs of OVR Staff**

RSA solicited input from OVR to identify the following continuing education needs of its staff:

- self-employment;
- marketing VR services;
- transition services;
- case management;
- quality assurance; and
- establishment projects.

RSA solicited input from OVR's stakeholders to identify the following continuing education needs of OVR staff:

- independent living services;
- disability awareness to educate employers;
- job development; and
- job placement.

## **VR and SE Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to OVR about those observations. OVR responded to each of the recommendations and in those instances when RSA and OVR agreed upon a recommendation, RSA and OVR identified the technical assistance that RSA would provide to OVR to successfully implement the recommendation.

### **1. Employment Outcomes Attributed to Individuals Employed at Application**

**Observation:** Table 2.2 below indicates that OVR increased the number of individuals who achieved employment outcomes from 33 in FY 2004 to 39 in FY 2007, with a dramatic increase to 108 in FY 2008, as a result of the increase in diagnosis and treatment of impairments for individuals employed at application. During the past five years, OVR increased the rate of individuals who successfully achieved employment and were employed at application. From FY 2004 to FY 2008, the number of individuals who were closed successfully employed and employed at application increased from 25 individuals in FY 2004 to 95 individuals in FY 2008. Furthermore, the difference between individuals who reported their primary source of support as their own income at application versus at closure (indicator 1.6) decreased from 50 percent in FY 2000 to 3.23 percent in FY 2008.

- OVR communicated that it markets the purchase of medical services and equipment to the community and employers, rather than marketing of vocational services.
- In FY 2008, OVR provided diagnosis and treatment of impairments to 99 of the 108 individuals closed successfully employed.
- From FY 2004 to FY 2007, the agency's expenditures for the diagnosis and treatment of mental and physical impairments increased from \$17,285 to \$144,348.
- In FY 2008, the highest disability group served was individuals with visual impairments, followed by individuals with communicative impairments. As demonstrated in Table 2.2, individuals with visual impairments represented 63.4 percent of all individuals who received services, compared to the national average for combined agencies of 6.1 percent. Of those who received services from OVR in FY 2008, 95.6 percent of individuals with visual impairments received diagnosis and treatment of mental and physical impairments, compared to 61.1 percent of all other disability types (individuals with physical, cognitive and mental/psychosocial impairments). The employment rate for individuals with a visual impairment was 89.1 percent, while the employment rate for all other disability types was 50.9 percent.

**Table 2.2**  
**Employment Outcomes, Employment Rate and Individuals Served by Disability Type for**  
**FY 2004 through FY 2008**

<b>Impairments of Served Individuals</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Combined Agencies 2008</b>
<b>Visual</b>						
Employment Outcomes	5	9	10	24	82	7,221
Without Employment Outcome	8	0	1	5	10	2,880
Percent of Total Individuals Served	16.0%	15.5%	25.6%	47.5%	63.4%	6.1%
Employment Rate	38.5%	100.0%	90.9%	82.8%	89.1%	71.5%
<b>Communicative</b>						
Employment Outcomes	10	12	7	12	11	14,690
Without Employment Outcome	8	0	3	3	9	3,984
Percent of Total Individuals Served	22.2%	20.7%	23.3%	24.6%	13.8%	11.2%
Employment Rate	55.6%	100.0%	70.0%	80.0%	55.0%	78.7%
<b>Physical</b>						
Employment Outcomes	15	15	14	2	14	21,752
Without Employment Outcome	22	12	1	9	9	20,387
Percent of Total Individuals Served	45.7%	46.6%	34.9%	18.0%	15.9%	25.4%
Employment Rate	40.5%	55.6%	93.3%	18.2%	60.9%	51.6%
<b>Cognitive</b>						
Employment Outcomes	1	2	2	0	1	27,797
Without Employment Outcome	4	3	2	3	8	20,621
Percent of Total Individuals Served	6.2%	8.6%	9.3%	4.9%	6.2%	29.2%
Employment Rate	20.0%	40.0%	50.0%	0.0%	11.1%	57.4%
<b>Mental Psychosocial</b>						
Employment Outcomes	1	2	0	1	0	22,760
Without Employment Outcome	7	3	3	2	1	23,895
Percent of Total Individuals Served	9.9%	8.6%	7.0%	4.9%	0.7%	28.1%
Employment Rate	12.5%	40.0%	0.0%	33.3%	0.0%	48.8%

**Recommendation 1:** RSA recommends that OVR:

- 1.1 develop a policy and procedure manual that requires the utilization of all comparable benefits, including the individual's medical insurance, prior to the expenditure of agency funds;
- 1.2 establish eligibility determination procedures and guidance to ensure appropriate assessment of an individual's need for VR services to obtain or maintain employment;
- 1.3 establish a new marketing approach to educate all stakeholders within the community regarding VR services to assist individuals with maintaining or obtaining employment;
- 1.4 implement outreach strategies to target a cross-disability population, including individuals with significant disabilities who are not currently employed to increase their knowledge of and access to VR services; and
- 1.5 establish a sliding scale for family contributions that would allow individuals with limited income receive full, no-cost services, while requiring individuals with higher incomes to contribute toward the VR program.

**Agency Response:**

- 1.1 prior to the monitoring, OVR developed Policy 3205. This policy mandates the utilization of all comparable services and benefits under any program available to the consumer prior to the expenditure of agency funds.
- 1.2 prior to the monitoring, OVR developed Policies 3102-3105. These policies establish eligibility determination procedures and guidance.

OVR concurs with recommendations 1.3, 1.4, and 1.5.

**TA:** TA is not requested.

**2. VR Service Policies and Procedures**

**Observation:** OVR does not have a policy and procedures manual that reflects current federal statutory and regulatory requirements, and it is not easily accessible to VR consumers. OVR communicated the need to update and revise its policy and procedures manual to reflect current federal requirements.

- VR counselors and agency staff rely on a collection of policy statements and directives. OVR policy and procedure manuals are not integrated into a single resource.
- OVR does not have policy and guidance for off-island travel and service delivery.
- Policies and procedures are not implemented consistently;
- OVR's director and the QA consultant indicated that steps have been taken to improve the accuracy and consistency of the interpretation and implementation of policies and procedures through agency trainings.
- OVR has not reviewed or revised its policy manual since FY 2003. However, during the monitoring review process, RSA reviewed CNMI's policy manual and provided guidance on and TA for the revision of its policy manual.

**Recommendation 2:** RSA recommends that OVR:

- 2.1 develop a comprehensive policy and procedures manual that is consistent with all federal statutory and regulatory requirements and provides guidance regarding the provision of VR services to program managers, rehabilitation supervisors, VR counselors and support staff;
- 2.2 develop a plan for the completion of the policy and procedures manual, including timelines and strategies to foster full participation by the SRC, the CAP, agency staff, individuals with disabilities, and other stakeholders throughout the process;
- 2.3 ensure that the policy and procedures manual is available to agency staff, the SRC, the CAP, stakeholders, and the public and that the manual is accessible to all individuals with disabilities by placing the manual on the agency's website;
- 2.4 develop a plan for the dissemination and provision of training on the new manual to all agency;
- 2.5 implementation of policies and procedures and the affect service delivery policies have on agency performance; and
- 2.6 provide clarification of procurement regulations to include the bid process, fee schedule and development of an expected family contribution scale.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

**3. Management of Staff Resources and the Allocation and Maximization of OVR's Organization.**

**Observation:** OVR underutilizes counselor aides and rehabilitation technicians who could maximize agency performance to increase service delivery and the quantity and quality of employment outcomes for persons with disabilities.

- OVR created counselor aides and rehabilitation technician positions to improve the administrative support available to counselors, which would enable counselors to provide more counseling and guidance to the individuals they serve. Counselor aides and rehabilitation technician responsibilities include administrative tasks such as accepting referrals, requesting information, scheduling appointments, drafting authorizations for services and letters, and reviewing cases for documentation prior to closure.
- Leadership staff and the QA consultant, who acts in the capacity of VR supervisor, recognized the abilities and capabilities of the administrative support staff and communicated the need to expand the job duties and responsibilities of the counselor aides and rehabilitation technicians to include conducting orientation sessions, developing resumes, and job development and placement activities.

**Recommendation 3:** RSA recommends that OVR:



- 3.1 evaluate the current structure and system of using counselor aides and rehabilitation technicians in each office and identify delegable functions which could be performed by administrative support staff;
- 3.2 identify current practices and develop strategies to replicate proficient practices and collaboration between counselor aids, rehabilitation technicians and counselors;
- 3.3 provide joint training for counselor aides, rehabilitation technicians and counselors on job duties and responsibilities, and the implementation of consistent policies and procedures; and
- 3.4 establish performance evaluation goals for the timely coordination of VR services by counselor aides and rehabilitation technicians.

**Agency Response:** OVR concurs.

**TA:** TA is requested.

#### **4. Performance-Based Evaluation System**

**Observation:** OVR's personnel appraisal system does not effectively evaluate staff's performance of their job duties.

- OVR utilizes the CNMI standard personnel appraisal system to conduct the annual performance evaluation of its counselors. However, the performance evaluated is not based on the essential counselor job duties and responsibilities such as standards and indicators, timely eligibility determination and Individualized Plan for Employment (IPE) development, quality of employment outcomes, or other VR related functions. In addition, staff are not evaluated on their interpretation or implementation of state and federal policies.

**Recommendation 4:** RSA recommends that OVR:

- 4.1 identify and implement a personnel appraisal system that evaluates VR counselor performance of their job duties; and
- 4.2 evaluate the current OVR performance evaluation plans and implement the on-going OVR performance measures in semi-annual performance evaluations.

**Agency Response:** OVR concurs.

**TA:** TA is requested.

#### **5. CRPs and Service provision**

**Observation:** OVR lacks community resources to assist with the provision of vocational rehabilitation services and employment outcomes.

- OVR utilizes one CRP for the provision of job coaching services through a fee-for-service contract. Although service providers are located throughout the territory. OVR has been unable to build the capacity and resources of potential CRPs.

- In FY 2007, OVR contracted with San Diego State University to conduct the FY 2007 comprehensive statewide needs assessment (CSNA) of rehabilitation needs of individuals with disabilities. The CSNA stated the lack of CRPs in CNMI was a major obstacle in addressing and providing necessary services.
- While the CSNA assessment identified the need for self-employment, benefits planning and job seeking skills, it did not identify potential employment opportunities through on-island employers. A labor market analysis would enable CNMI to identify the skills employers are seeking from job applicants and the need for targeted skills training from providers. OVR is knowledgeable about the employment opportunities through the tourist, hotel and restaurant industries, as well as the community hospital, coffee plantation, and shrimping businesses. However, OVR has not established partnerships with providers and employers to provide work adjustment training, on-the-job training, work experiences, or vocational training focused on employment opportunities in CNMI.

**Recommendation 5:** RSA recommends that OVR:

- 5.1 evaluate the needs of individuals with disabilities and employers in CNMI;
- 5.2 develop strategies to build the capacity of CRPs based upon identified needs; and
- 5.3 conduct a labor market analysis to determine potential employment opportunities and develop strategies to implement work adjustment training, on-the-job training and work experiences through island employers.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## 6. SE Service provision

**Observation:** OVR does not have extended services providers for individuals requiring long-term supports to maintain employment.

- There are no extended services resources for OVR individuals in need of SE services from the CDD, or the Title XIX Medicaid waiver program. OVR communicates and collaborates with the CDD, National Alliance for Mental Illness, Community Guidance Center and the Department of Mental Health.
- Legislation was passed in CNMI that mandates testing, counseling and services for students diagnosed with autism. The PSS has contracted with a psychologist to evaluate students identified as diagnosed with autism. As of February 23, 2009, 16 transition-age youths were identified as having autism. The Autism Society communicated to OVR that it would like to establish a partnership and become a long-term extended services provider.
- Discussions with special education staff and CRP staff indicated that extended service resources do not meet the needs of the transition or general population of CNMI.
- As demonstrated in Table 2.3 below, the number of individuals who achieved supported employment decreased from 12 in FY 2005 to five in FY 2006, and there were no individuals reported as achieving SE outcomes in FY 2007. OVR reported that the

number of individuals who achieved SE in FY 2004 to FY 2006 were most significantly disabled and received job coaching services and natural supports arranged at their employment site.

**Table 2.3**  
**OVR Supported Employment Closures for FY 2004 through FY 2007**

Measure	2004	2005	2006	2007
Percent closed in supported employment	6.25%	30.0%	15.15%	0
Individuals closed with supported employment	2	12	5	0

**Recommendation 6:** RSA recommends that OVR:

- 6.1 assess the needs of individuals with disabilities regarding extended SE services and develop resources to meet the needs;
- 6.2 evaluate how DVR can expand the number of CRPs contracted to provide supported employment job coaching with providers who currently serve populations in need of SE services; and
- 6.3 explore development of establishment projects.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## 7. Transition Services

**Observation:** The overall number of transition-age youths served by OVR declined from five individuals in FY 2003 to one in FY 2007. In addition, the overall percentage of transition-age youths served to the total served decreased from 18.87 percent in FY 2003 to 6.56 percent in FY 2007. OVR provides limited outreach and transition services to transition-age youths.

- OVR assigned counselors to all four public schools on CNMI. One counselor is assigned to Rota, one counselor is assigned to Tinian, and the third counselor is assigned to all other schools. The counselors reported partnerships have been developed with the public school system and the challenge of students declining services to remain within their family units.
- In FY 2007, 46 transition-age youths between the ages of 18 and 21 were served under the Individuals with Disabilities Education Act, Part B, in CNMI. Furthermore, 34 transition-age youths were reported as having specific learning disabilities, while five were coded as having mental retardation as reported by the U.S. Department of Education, Office of Special Education Programs, Data Accountability Center.
- OVR reported that the majority of transition-age youths referred for VR services do not have an Individualized Plan for Employment (IPE) prior to graduation.
- The disabilities counselor at the Northern Mariana College (NMC) partnered with OVR to deliver programming. However, due to challenges of NMC, the program is not currently in operation.
- As indicated in Table 2.4, OVR served substantially fewer transition-age youths when compared to the national average of transition-age youth served by combined agencies in FY

2007. In addition, the overall percent of transition-age youths served by CNMI decreased from 17.28 percent in FY 2004 to 6.56 percent in FY 2007.

- In FY 2007, the employment rate of 25 percent for transition-age youths on CNMI was significantly smaller than the national employment rate of 58.18 percent for transition-age youths served by combined agencies (See Table 2.4). Although the national employment rate for transition-age youths served by combined agencies continued to increase from FY 2004 to FY 2007, the employment rate on CNMI decreased from FY 2005 to FY 2007.

**Table 2.4**  
**OVR's Performance with Transition-age Youths for FY 2004 through FY 2007**

	2004	2005	2006	2007
CNMI percent of transition-age youths served	17.28%	10.34%	16.28%	6.56%
National percent of transition-age youths served	25.92%	26.68%	26.98%	26.84%
CNMI Employment rate	14.29%	66.67%	42.86%	25.0%
National Employment rate	54.70%	56.93%	57.89%	58.18%

**Recommendation 7:** RSA recommends that OVR:

- 7.1 evaluate the current assignment of VR counselors to public schools and determine if a more collaborative partnership could be established;
- 7.2 assess the number of students served by special education and develop strategies to increase outreach and OVR presence in the school system through at minimum bi-annual information fairs;
- 7.3 develop strategies to improve communication and collaboration among the appropriate personnel representing OVR, NMC, PSS and the CNMI Office of Special Education in order to foster better understanding of each agency's role in the transition process for eligible youths in the PSS and post secondary education system; and
- 7.4 require VR counselors to work with transition-age youths prior to their graduation year in order to facilitate the determination of eligibility of individuals who may be served by the VR program and ensure that an appropriate assessment is conducted that results in the development of a more substantive IPE prior to graduation.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## 8. Case Management

**Observation:** OVR's current case management system does not include a reporting structure to provide staff the necessary tools to manage consumer caseloads. During the monitoring process, OVR reported a consultant produces monthly reports for VR counselors' caseload to identify consumers who may be approaching activity due dates for eligibility determination, IPE development, annual reviews, and case closure. The consultant discusses activity due reports and cases with each counselor to recommend the necessary and appropriate actions to be taken.

**Recommendations:** RSA recommends that OVR:

- 8.1 provide training to enable each VR counselor to monitor their caseload and activity due reports on a regular basis; and
- 8.2 explore the extent to which the case management system can be used to produce additional reports to include information regarding employers, real time data, types of employment outcomes, activity due and progress report reminders, and evaluative reports.

**Agency Response:** OVR Concurs

**TA:** TA is not requested.

## **9. Planning**

**Observation:** OVR presently confronts a number of environmental challenges including lack of community rehabilitation programs and vocational rehabilitation services; a public image as a provider of medical services; lack of employment opportunities; limited public transportation; high incidence of autism; and changes to minimum wage and immigration management laws. OVR has not engaged in a process of examining the total impact of these challenges on the delivery of VR services. In addition, OVR does not have in place a comprehensive vision of an effective VR service delivery system. OVR has been collaborating with the SRC in the process of establishing and refining goals based on the statewide comprehensive needs assessment conducted in FY 2007. OVR and the SRC will be conducting the next statewide comprehensive needs assessment in FY 2010. OVR would benefit from a strategic plan.

**Recommendations:** RSA recommends that OVR:

- 9.1 together with the SRC, engage in strategic planning activities to develop a concrete vision of a VR service delivery system;
- 9.2 together with the SRC, identify and delineate goals and objectives to realize the described vision of a VR service delivery system; and
- 9.3 develop and evaluate strategies to expand and improve the scope of its VR service delivery system.

**Agency Response:** OVR Concurs

**TA:** TA is not requested.

## 10. QA Process

**Observation:** OVR reviews service records at various points of the VR process including eligibility determination, implementation of the IPE, and case closure. These reviews are conducted by a consultant to the agency and not by agency personnel. The consultant uses guidelines such as OVR policies and procedures to conduct the reviews. The consultant provides reports on agency case management progress and performance to the OVR director. Results of these reports are used to identify areas of training needs. There are no established QA practices for other agency functions such as data management or fiscal management.

**Recommendations:** RSA recommends that OVR:

- 10.1 design a formal QA instrument for review of service records; and
- 10.2 design a QA plan for evaluating significant agency functions such as service delivery system, fiscal and data management, identifying training needs, developing training modules; and
- 10.3 integrate the QA plan with agency operations.

**Agency Response:** The reviews are conducted by a formal instrument. Additionally, federal regulations and OVR policies and procedures are used as additional instruments for QA.

OVR does agree that a QA plan in the areas addressed by 10.2 and 10.3 is needed.

**TA:** TA is not requested.

## VR and SE Compliance Findings and Corrective Actions

RSA identified the following compliance findings and corrective actions that OVR is required to undertake. OVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and is available to provide TA to assist OVR.

### 1. Qualified VR Counselor

**Legal Requirement:** Pursuant to the Act and its implementing regulations, as part of its comprehensive system of personnel development (CSPD), a state VR agency is required to establish and maintain "personnel standards that are consistent with any national or State-approved or -recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements) that apply to the profession or discipline in which that category of personnel is providing vocational rehabilitation services" (Section 101(a)(7) of the Act; 34 CFR 361.18(c)(1)(i)).

The standards must be based on the highest requirements in the state applicable to each profession or discipline. The highest requirement in the state means the highest entry-level

academic degree needed for any national or state-approved or -recognized certification, licensure, or registration (34 CFR 361.18(c)(2)(i)).

Pursuant to 34 CFR 361.13, at a minimum, “all decisions affecting eligibility for vocational rehabilitation services, the nature and scope of available services, and the provision of these services” are the responsibility of the designated state unit. The Act and regulations identify several counseling functions that can only be performed by qualified vocational rehabilitation counselors employed by the agency. The functions that cannot be delegated to other non-qualified employees are listed below.

- Determination of eligibility - A qualified VR counselor employed by the agency must determine if an individual requires VR services to prepare for, secure, retain or regain employment (34 CFR 361.42(a)(1)(iii)).
- Development of the Individualized Plan for Employment (IPE) - A qualified VR counselor employed by the agency must approve and sign the IPE (34 CFR 361.45(d)(3)(ii)).
- Review of the IPE, at least annually - A qualified VR counselor must review the IPE, at least annually, to assess the individual’s progress in achieving the identified employment outcome (section 102(b)(2)(E) of the Act and 34 CFR 361.45(d)(5)).
- Amendment of the IPE - A qualified VR counselor employed by the agency must agree to and sign an amendment to an individual’s IPE in order for it to take effect (34 CFR 361.45(d)(7)).
- Case closure - A qualified VR counselor employed by the agency must determine that an individual’s employment outcome is satisfactory and that the individual is performing well on the job before the individual can be considered to have achieved a successful employment outcome and the individual’s case can be closed (34 CFR 361.56(c)).

As stated in the guidance to the final VR program regulations, the provisions governing CSPD are designed to ensure that a state agency is able to serve individuals with disabilities, while it moves as rapidly as possible to the point at which all current and newly hired employees meet the applicable standard established by the agency. In recognition of the time that it takes to obtain the necessary training, counselors currently employed by the agency may continue to perform the functions of a qualified counselor if they are engaged in the training to achieve the qualifications required under the standard (66 Federal Register: 4379, 4424-4425, January 17, 2001).

**Finding:** OVR is not in compliance with federal requirements because currently, two of three VR counselors that do not meet the agency’s CSPD standard and do not have a plan to meet the requirements are performing the non-delegable functions of a qualified counselor as specified in 34 CFR 361.13.

As CNMI has not developed a state standard for the position of VR counselor, OVR has elected to use the national standard, which has been established by the Commission of Rehabilitation Counselor Certification (CRCC). As indicated in its FY 2009 VR State Plan, OVR bases its personnel standard for the position of VR counselor on the academic credentials required under the CRCC standard. To be deemed a qualified VR counselor employed by the agency, an

individual must hold a master's degree in rehabilitation counseling, counseling, or a related field with coursework in the theories and techniques of counseling.

**Corrective Action 1:** RSA requires that OVR, in its FY 2010 State Plan, inform RSA when all VR counselors employed by the agency will meet its established personnel standard from the date of hire. OVR must take the steps to ensure that individuals without the academic credentials required for the position of VR counselor as established in the agency's State Plan, no longer perform the non-delegable functions of a qualified VR counselor employed by the agency, unless they are on a training plan and engaged in the necessary training within the specified timeline. OVR must also report, in its FY 2010 State Plan, the number of VR counselors on training plans and engaged in training.

**Agency Response:** Of the two counselors who did not meet the agency's CSPD standards, one no longer performs the function of a counselor. One counselor is already on a training plan and engaged in the necessary training to meet the agency's CSPD standard.

**RSA Response:** During the monitoring review, two counselors did not meet the established personnel standard. However, in OVR's FY 2010 State Plan it reported that one VR counselor vacated the position and the second VR counselor is on a training plan and engaged in training. In addition, OVR informed RSA in its FY 2010 State Plan a specific timeframe by which all VR counselors will meet its established personnel standard. Finally, OVR reported VR counselors are no longer performing the non-delegable functions of a qualified VR counselor, unless they are on a training plan and engaged in the necessary training.

In its corrective action plan, OVR must provide RSA with documentation to support its response that the VR counselor who does not meet the established personnel standard is on a training plan and engaged in training. If OVR does not provide this documentation, OVR must undertake the corrective action described above.

**TA:** TA is not requested.

## **2. Contracting Supervision and Performance of Non-delegable Functions**

**Legal Requirement:** Pursuant to the Rehabilitation Act of 1973, as amended (the Act), and its implementing regulations, specific vocational rehabilitation (VR) functions including the determination of eligibility; development of an Individualized Plan for Employment (IPE); annual review of an IPE; amendment of an IPE and closure of VR cases must be performed by a qualified VR counselor employed by the State VR agency. In addition, a State VR agency is required to establish and maintain "...personnel standards that are consistent with any national or State-approved or -recognized certification, licensing, or registration requirements, or, in the absence of these requirements, other comparable requirements (including State personnel requirements) that apply to the profession or discipline in which that category of personnel is providing vocational rehabilitation services" (Section 101(a)(7) of the Act; 34 CFR 361.18(c)(1)(i)).



The standards must be based on the highest requirements in the state applicable to each profession or discipline. The highest requirement in the state means the highest entry-level academic degree needed for any national or state-approved or -recognized certification, licensure, or registration (34 CFR 361.18(c)(2)(i)).

As CNMI has not developed a state standard for the position of VR counselor, OVR has elected to use the national standard, which has been established by the Commission of Rehabilitation Counselor Certification (CRCC). As indicated in its FY 2009 VR State Plan, OVR bases its personnel standard for the position of VR counselor on the academic credentials required under the CRCC standard. To be deemed a qualified VR counselor employed by the agency, an individual must hold a master's degree in rehabilitation counseling, counseling, or a related field with coursework in the theories and techniques of counseling.

**Finding:** OVR contracts with a consultant, who maintains a CRCC and meets the national standard OVR has elected to use, to provide supervision to OVR counselors who are not deemed qualified counselors because they do not meet CSPD standards and are not on a training plan. Although the consultant meets CSPD requirements, she is a contractor and is not employed by the State VR agency. The Act and regulations identify several counseling functions that can only be performed by qualified vocational rehabilitation counselors employed by the agency. In addition, qualified personnel employed by the state agency are able to determine that an applicant has a physical or mental impairment (34 CFR 361.42(a)(1)(i)). Finally, qualified personnel employed by the state VR agency can determine that an applicant's physical or mental impairment results in or constitutes a substantial impediment to employment for that applicant (34 CFR 361.42(a)(1)(ii)). The functions that cannot be delegated to other non-qualified employees are listed below.

- Determination of eligibility - A qualified VR counselor employed by the agency must determine if an individual requires VR services to prepare for, secure, retain or regain employment (34 CFR 361.42(a)(1)(iii)).
- Development of the Individualized Plan for Employment (IPE) - A qualified VR counselor employed by the agency must approve and sign the IPE (34 CFR 361.45(d)(3)(ii)).
- Review of the IPE, at least annually - A qualified VR counselor must review the IPE, at least annually, to assess the individual's progress in achieving the identified employment outcome (section 102(b)(2)(E) of the Act and 34 CFR 361.45(d)(5)).
- Amendment of the IPE - A qualified VR counselor employed by the agency must agree to and sign an amendment to an individual's IPE in order for it to take effect (34 CFR 361.45(d)(7)).
- Case Closure - A qualified VR counselor employed by the agency must determine that an individual's employment outcome is satisfactory and that the individual is performing well on the job before the individual can be considered to have achieved a successful employment outcome and the individual's case can be closed (34 CFR 361.56(c)).

**Corrective Action 2:** OVR must take the steps to ensure that individuals who do not meet the definition of qualified vocational rehabilitation counselors or qualified personnel employed by the agency are not performing non-delegable functions.

**Agency Response:** OVR does ensure that individuals who do not meet the definition of qualified vocational rehabilitation counselor or qualified personnel employed by the agency are not performing non-delegable functions as per 34 CFR 361.13.

**RSA Response:** In its corrective action plan, OVR must describe the steps it has taken to ensure that individuals who do not meet the definition of qualified personnel employed by the agency are not performing non-delegable functions as per 34 CFR 361.13.

**TA:** TA is not requested.

### 3. SRC Composition

**Legal Requirement:** Pursuant to 34 CFR 361.17(b)(1), “Except as provided in paragraph (b)(3) of this section, the Council must be composed of at least 15 members, including...

- (v) At least one representative of community rehabilitation program service providers;
- (vi) Four representatives of business, industry, and labor;
- (vii) Representatives of disability groups that include a cross section of-(A) Individuals with physical, cognitive, sensory, and mental disabilities...
- (x) At least one representative of the State educational agency responsible for the public education of students with disabilities who are eligible to receive services under this part and part B of the Individuals with Disabilities Education Act.”

**Finding:** OVR is not in compliance with the requirement because its SRC is not legally constituted as required under section 105 of the Act. The SRC has the following vacancies in the required member positions:

- one vacancy in the state educational agency category, vacant since FY 2006;
- one vacancy in the community rehabilitation program services provider category, vacant since FY 2006;
- three vacancies in the business, industry and labor category, vacant since FY 2006; and
- one vacancy for an individual with a physical, cognitive, sensory, and mental disabilities category, vacant since 2006.

**Corrective Action 3:** RSA requires that OVR take the steps necessary to fill the vacancies on the SRC. OVR must provide an assurance in connection with the approval of the FY 2010 State Plan to RSA that the SRC will be fully constituted with full membership through gubernatorial appointment.

**Agency Response:** OVR has taken steps to fill vacancies. Currently, the only vacancy is the CRP representative.

**RSA Response:** In its corrective action plan, OVR must describe the steps it will take to fill the CRP representative vacancy on the SRC.

**TA:** TA is not requested.

#### **4. Eligibility**

**Legal Requirement:** Pursuant to 34 CFR 361.42(a)(1), the determination of an applicant's eligibility for vocational rehabilitation services must be based on an individual having a physical or mental impairment that constitutes or results in a substantial impediment to employment; can benefit in terms of an employment outcome from VR services; requires VR services to prepare for, secure, retain, or regain employment; and is presumed to be able to benefit in terms of an employment outcome, through the provision of vocational rehabilitation services.

In addition, federal regulations at 34 CFR 361.42(a)(3)(i)(A) state that any applicant who has been determined eligible for Social Security benefits under Title II or Title XVI of the Social Security Act is presumed eligible for VR services. Furthermore, regulations at 34 CFR 361.42(a)(3)(i)(B) state that an individual who is eligible for SSI and/or SSDI is "considered an individual with a significant disability as defined in 361.5(b)(31)." However, it is not a requirement that an individual be eligible for Social Security benefits, in order to be eligible for vocational rehabilitation services.

**Finding:** OVR is not in compliance because it has established written policies in its policy and procedures manual at Section 3102, Determination of Eligibility, that requires an individual be determined eligible for disability benefits under Title II or Title XVI of the Social Security Act if the consumer intends to achieve an employment outcome and have legal status to allow employment in CNMI to be determined eligible for VR services.

By requiring that an individual be eligible for SSI or SSDI to be determined eligible for VR services, OVR has, in effect, created an additional eligibility requirement. As a result, the additional eligibility requirement becomes the primary factor used to determine the eligibility of an individual for the provision of services.

**Corrective Action 4:** RSA requires that OVR revise its written policies regarding eligibility determination in compliance with 34 CFR 361.42(a)(1). Based on TA provided during the course of the review, OVR is taking steps to revise its policies defining the eligibility requirements to meet the requirements of 34 CFR 361.42(a)(1) by eliminating the provision requiring that an individual must be determined eligible for disability benefits under Title II or Title XVI of the Social Security Act in order to be determined eligible for VR services.

**Agency Response:** OVR and the SRC are working together to revise OVR policy # 3102 to be in compliance with 34 CFR 361.42 (a) (1).

**RSA Response:** In its corrective action plan, OVR must describe the steps it is taking to complete revisions to its written policies regarding eligibility determination in compliance with 34 CFR 361.42(a)(1).

**TA:** TA is not requested.

## CHAPTER 3: FISCAL MANAGEMENT OF OVR'S VR, SE, IL AND OIB PROGRAMS

RSA reviewed OVR's fiscal management of the VR, SE, IL and OIB programs. During the review process RSA provided TA to OVR to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

### Fiscal Management

The data in the following table, taken from fiscal reports submitted by the state agencies, speak to the overall fiscal performance of the agency. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The maintenance of effort (MOE) requirement data is taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which it is compared). Fiscal data related to administration, total expenditures, and administrative cost percentage is taken from the RSA-2.

**Table 3.1**  
**Fiscal Profile Data for OVR for FY 2004 through FY 2008**

CNMI (C)					
Fiscal Year	2004	2005	2006	2007	2008
Grant Amount	959,804	999,872	1,054,614	1,126,126	1,159,806
Required Match	59,769	70,613	85,429	104,784	113,899
Federal Expenditures	959,801	999,872	1,054,612	1,125,254	892,199*
Actual Match	60,776	70,613	85,429	104,784	113,899
Over (Under) Match	1,007	0	0	0	0
Carryover at 9/30 (year one)	691,133	631,990	478,057	683,517	778,287
Program Income	0	0	0	0	0
Maintenance of Effort (MOE)	39,060	42,743	59,769	70,613	85,429
Administrative Costs	677,029	684,883	630,313	774,111	772,594
Total Expenditures**	1,044,759	923,116	1,028,679	1,237,048	1,571,261
Percent Admin Costs to Total Expenditures	64.80%	74.19%	61.27%	62.58%	49.2%

\* Deadline for obligating FY 2008 federal grant funds – September 30, 2009.

\*\*Includes Supported Employment Program Expenditures.

## Explanations Applicable to the Fiscal Profile Table

### Grant Amount:

The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallotment process, or additional grant funds received through the reallotment process.

### Match (Non-Federal Expenditures):

The non-federal share of expenditures in the basic support program, other than for the construction of a facility related to a CRP, was established in the 1992 amendments to the Rehabilitation Act at 21.3 percent. As such, a *minimum* of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

### Carryover:

Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

### Program Income:

Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received

from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources and use of generated income.

### **Maintenance of Effort (MOE):**

The 1992 amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I State Plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

### **Administrative Costs:**

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR program regulations at 34 CFR 361.5(b)(2).

### **Fiscal Technical Assistance Provided to OVR during the Review Process**

RSA provided the following VR, SE, IL and OIB program technical assistance to OVR during the review process regarding:

- RSA's assessment of the agency's compliance with specific financial requirements including: match, MOE, carryover, reallotment, program income, liquidation of outstanding obligations and status of grant closeouts;
- requirements applicable to the obligation and expenditure of VR program federal funds;
- allowable uses of the establishment authority to build service delivery capacity;
- financial planning, with the goal of ensuring maximum utilization of program resources to achieve current and future program performance goals;
- developing plans for the effective and efficient use of excessive carryover balances to increase both the number of consumers receiving VR services and the quality of services available for consumers in CNMI;
- financially implementing an order of selection;
- allowable travel and advertising costs;

- allowable costs associated with paid internships;
- cost containment strategies and the applicability of OMB Circular A-87 cost principles to purchased services (necessary services, reasonable costs);
- funding strategies for SILC resource plan;
- OMB Circular A-87 time distribution documentation requirements applicable to staff working on more than one program (federal and/or state);
- appropriate classification of RSA-2 vendor expenditures;
- structure of contractual arrangement, payment terms and responsibilities for contractor;
- OMB Circular A-87 definition of reasonable costs and OVR's responsibility for ensuring that all program costs meet this standard;
- establishment authority and federal requirements applicable to utilizing program resources to establish, develop or improve community rehabilitation programs;
- requirement for 90 percent of non-administrative staff to work full-time on the rehabilitation work of the organizational unit; and
- actions to take to address the overall financial inefficiency of CNMI's VR program and the development of strategies for reducing exorbitant program administrative costs.

### **Observations of OVR and Its Stakeholders about the Fiscal Management Performance of the VR, SE, IL and OIB Programs**

RSA solicited input from OVR and a wide range of its stakeholders about the performance of the VR, SE, IL and OIB programs. OVR and its stakeholders shared the observations below.

- OVR staff need on-going training in specific areas of the administration of the VR program – financial planning, cost containment, allowable costs, and establishing or developing community resources.
- Transportation resources are insufficient.
- CNMI agencies have been operating under continuing resolutions since 2003.
- Sufficient vendor resources (training and job placement) are not available to obtain necessary, quality and reasonable consumer services.

RSA discussed the observations of its stakeholders with OVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

### **VR, SE, IL and OIB Programs' Fiscal Management Performance Observations and RSA Recommendations**

RSA identified the following fiscal performance observations and made recommendations to OVR about those observations. OVR responded to each of the recommendations and in those instances when RSA and OVR agreed upon a recommendation, RSA and OVR identified the technical assistance that RSA would provide to OVR to successfully implement the recommendation.



## 1. Financial Planning

**Observation:** OVR does not have a coordinated financial planning process that involves both program and financial staff responsible for various aspects of the management of program resources. As a result of large carryover balances, OVR has not seen the need to prepare annual budgets. The annual spending plan request appears to be the focal point of the agency's financial planning. In contrast, financial plans are usually for multi-year periods, cover all programs that are administered by the agency, and are continuously revised to adjust for changes to individual program goals, priorities, and resources. They reflect the values of the agency and bring the agency closer toward meeting stated goals. Roles and responsibilities related to financial planning are not clearly defined and timetables and action steps for carrying out this process have not been established.

The impact of the absence of a structured, long-range financial planning process is evidenced below.

- OVR has not fully assessed the resources required to achieve long and short-term program goals, the needs of individuals living in CNMI for VR services, or effectively and efficiently planned to expend resources to meet these goals and needs. The agency manages its resources by, essentially, requesting spending authority for the amount of the federal allotment received each year and the required match. As a result, carryover balances (federal funds remaining unobligated at the end of the fiscal year for which the funds are appropriated) continue to be much higher than national averages for general/combined VR agencies. National carryover averages are not available for FY 2008, but data submitted by general/combined agencies for FYs 2005 through 2007 reflect that federal funds carried over from these fiscal years average slightly over 13.5 percent. Information related to the amount and percentage of funds carried over from FY 2004 through FY 2008 is provided in the table below.

**Table 3.1**  
**OVR Federal Funds Carryover Balances for FY 2004 through FY 2008**

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Allotment	\$959,804	\$999,872	\$1,054,614	\$1,126,126	\$1,159,806
Federal Funds Carried Over	691,133	631,990	478,057	683,517	778,287
Percent of Allotment Carried Over	72.0%	63.2%	45.3%	60.7%	67.1%

- In FY 2008, OVR received \$404 of the \$113,000 required to match the VR program allotment at the beginning of the fiscal year. The balance of \$112,596 was not received until the last weeks of the fiscal year. Each fiscal year, the uncertainty of available

resources (federal and non-federal) makes it difficult to do meaningful short-term and long-term financial and program planning.

- A portion of financial planning is examining costs that are outliers after comparing those costs to national data. Since FY 2002, OVR's administrative costs have ranged from a low of 56.69 percent of total program costs (FY 2003) to a high of 74.19 percent (FY 2005). In FY 2008, 49.2 percent of total costs were administrative costs. The percentage reduction in these costs is actually the result to the agency spending considerably more in FY 2008 to provide eyeglasses to consumers and not the result of cost containment measures taken by the agency. Excessive overhead costs reduce the resources available to provide necessary consumer services.
- To maximize the use of available resources, OVR does not project and monitor costs per case or analyze the cost of consumer services provided through vendor authorizations and/or contractual arrangements. Developing skills in analyzing financial and program data and forecasting the cost of serving projected consumers is crucial as the agency begins to explore implementing an order of selection to re-focus the VR program on serving individuals with significant disabilities.

**Recommendation 1:** RSA recommends that OVR:

- 1.1 develop and implement a multi-year financial planning process that, at a minimum, projects: anticipated financial resources (federal and non-federal); plans for the utilization of available resources or documents the need for additional resources; administrative (including indirect) expenses; staff salaries, fringe benefits and overhead costs; innovation and expansion activities; state plan goals and strategies; and costs related to providing services to program consumers;
- 1.2 update the plan on a regular basis as a program management tool;
- 1.3 increase the forecasting skills of financial and program staff; and,
- 1.4 develop and implement strategies to aggressively pursue obtaining matching resources for the VR program at the beginning of each fiscal year to execute the agency's short-term and long-range financial plans.

**Agency Response:** OVR concurs. Although it has been a practice of OVR to aggressively pursue matching funds at the beginning of each fiscal year as recommended, OVR has been at the mercy of the CNMI central government's inability to provide the funds at the beginning of each fiscal year. Accomplishing this has been a challenge for the central government, though OVR will continue to pursue the funds at the beginning of each fiscal year.

**TA:** TA is requested.

## **2. IL Program Expenditures**

**Observation:** OVR may not meet the statutory deadline for expending and/or obligating IL-Part B and OIB funds made available to provide services to eligible consumers and for the administrative costs associated with these programs. The following table provides financial information related to IL-Part B and OIB expenditures, which include unliquidated obligations, and unobligated balances of grant funds for FYs 2007 and 2008:

**Table 3.2**  
**CNMI IL-Part B and OIB Unobligated Balances for FY 2007 and FY 2008**

	Program	Grant Award	Expenditures (Year 1)	Expenditures (Year 2)	Total Expenditures	Unobligated Balance of Federal Funds	Deadline for Obligating Federal Funds
FY 2007	IL-Part B	27,952	10,197	4,831	15,028	<b>12,924</b>	September 30, 2008
FY 2007	OIB	40,000	0	21,902	21,902	<b>18,098</b>	September 30, 2008
FY 2008	IL-Part B	27,464	6,618		6,618	<b>20,846</b>	September 30, 2009
FY 2008	OIB	39,890	110		110	<b>39,780</b>	September 30, 2009

To utilize IL-Part B and OIB federal funds made available to CNMI, OVR is required to obligate these funds no later than September 30 of the year after the fiscal year for which the funds were appropriated. CNMI is automatically given this second year since there is no match requirement for either program that has to be met to carryover unobligated balances at the end of year one of the grant. As a result, FY 2007 grant funds must be obligated by September 30, 2008. Funds appropriated for FY 2008, must be obligated by September 30, 2009. As clarified with OVR staff in discussions and emails following RSA's onsite monitoring review, CNMI, like all other grantees, is only given until September 30 of the fiscal year after the fiscal year for which the funds were appropriated to expend or obligate all grant funds. If this deadline is not met, remaining unobligated balances are not legally available to expend for program purposes.

Based on the financial reports submitted by OVR, the FY 2007 unobligated balances that remained in the IL-Part B (\$12,924) and OIB (\$18,098) programs after September 30, 2008, are no longer available. If OVR has not expended/obligated the FY 2008 balances by September 30, 2009 (IL-Part B - \$20,846, OIB - \$39,780), these unobligated balances will be not be available to provide services, as well.

**Recommendation 2:** RSA recommends that OVR implement internal controls to ensure that IL-Part B and OIB funds are obligated no later than September 30 of the fiscal year after the fiscal year for which the federal funds are appropriated.

**Agency Response:** Since the monitoring review, OVR has successfully taken steps to obligate all prior years' unobligated funds.

**TA:** TA is not requested.

### **3. Travel - Allowable Costs**

**Observation:** RSA's review of FY 2007 travel costs charged to the State VR Services Program disclosed that OVR expended \$12,289.38 to send 3 summer interns to the Consortia of

Administrators of Native American Rehabilitation (CANAR) Conference in Savannah, GA. An additional \$5,584.99 was expended to send a Counselor Aide with the interns to serve as their escort. OVR expressed that a “perk” of interning with the agency is being able to attend a national training conference. Providing summer interns with an opportunity to attend a national training conference is also seen as a way of enticing these students to consider future employment with the agency.

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Attachment B (2 CFR Part 225, Appendix B), specifically addresses the allowability of using federal grant funds to pay travel expenses. 43.a. states:

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the governmental unit...Notwithstanding the provisions of Attachment B, section 19, General government, travel costs of officials covered by that section are allowable, with the prior approval of an awarding agency...

Clearly, State VR agencies are allowed to use federal funds (and the match for those funds) to pay for the official travel of employees. Those costs are charged to federal programs to the extent of benefits received. If the VR program receives 100 percent of the benefits, 100 percent of the allowable travel costs are charged to this program. Interns are not considered “employees” or officers (as defined in the Circular) of OVR or the government of CNMI.

The language in the Circular does not prohibit the payment of travel costs for any individual not meeting the definition of an “employee” of the agency. However, since non-employees are not specifically addressed in Attachment B of the Circular, state VR agencies should use the policy guides and basic guidelines found in Attachment A when determining the allowability of other costs. According to OMB Circular A-87, Attachment A, the following principles are relevant to making this determination:

A.2.a.1 Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.

#### C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
3. Allocable costs.
  - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

As stated in the Circular, governmental units are responsible for the effective and efficient administration of federal awards. In approving travel for non-employees, one test that must be met is whether the costs are necessary and reasonable for the proper and efficient performance

and administration of the federal award. Another test relates to the relative benefits received for incurring this cost. After examining each of these factors, it does not appear to have been necessary, reasonable, or of quantifiable benefit to expend \$17,874.37 to send 3 interns and an escort to the CANAR Conference, especially since 62.58 percent of total program expenditures in FY 2007 were for administrative purposes, with only 37.42 percent of expenditures devoted to providing services to VR consumers.

In FY 2007, OVR also expended \$17,982.91 to pay of travel expenses for four staff to attend national conferences that do not appear to have a direct relationship to their assigned duties, or fall within the scope of their responsibilities at the time that they were approved to attend these conferences. OVR is a small agency with limited staff that, ultimately, will most likely be responsible for more than one program area. This could possibly be the reason why a determination was made to send clerical or administrative staff to national training conferences that fall outside of the scope of their assigned responsibilities. However, it is important to examine the anticipated benefit to the agency in making this decision and how this training opportunity, afforded to staff that are not assigned responsibilities in these areas, increases the effective and efficient administration of VR programs.

**Recommendation 3:** RSA recommends that OVR:

- 3.1 strengthen controls applicable to the approval of off-island travel to ensure that the benefit to the applicable VR program(s) has been examined and appropriate staff are selected to attend training conferences; and,
- 3.2 develop and implement individualized training plans for staff required to perform duties that fall outside of the current scope of their assigned responsibilities.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## **VR, SE, IL and OIB Programs' Fiscal Management Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that OVR is required to undertake. OVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist OVR.

### **1. Assigning Personnel Costs**

#### **Legal Requirement:**

OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment B (2 CFR Part 225, Appendix B), in pertinent part, states:

- 8.h.4. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5. Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

**Finding:** OVR is not in compliance with OMB Circular A-87, Attachment B, 8.h.4. and 8.h.5., because 50 percent of the OIB personnel costs are charged to the OIB program and 50 percent to the VR program. OVR does not maintain time distribution records to support the charges to either program as required under OMB Circular A-87, Attachment B, 8.h.4. Additionally, the lack of supporting documentation means that OVR could not adjust budgeted personnel amounts to actual costs. No other administrative costs, including a portion of OVR management salaries, are charged to the IL-Part B or OIB programs, in violation of the cost principles outlined in OMB Circular A-87. Personnel costs can only be charged to federal grant programs to the extent of benefits received.

**Corrective Action 1:** OVR must:

- 1.1 cease using Title I funds for personnel costs that do not have supporting documentation as required under OMB Circular A-87, Attachment B, 8.h.4. and 8.h.5.;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with OMB Circular A-87, Attachment B, 8.h.4. and 8.h.5.; and,
- 1.3 allocate an equitable portion of personnel costs, either directly or indirectly, to each program administered by OVR (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

**Agency Response:** OIB personnel costs were actually charged as 80% OIB and 20% VR program. Per the monitoring review conducted in September 2008, personnel costs are now charged at 100% OIB funds.

**RSA Response:** In its corrective action plan, OVR must provided documentation that 100% of OIB personnel costs are assigned to the OIB program's funds, and carry out the corrective actions described above.

**TA:** TA is not requested.

## CHAPTER 4: IL PROGRAM

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### IL Program Administration and Service Delivery

In FY 2008, CNMI received \$27,464 in Chapter 1, part B funds and \$88,905 in part C funds. The FY 2008 704 report indicates that \$20,685 part B funds was allocated to the SILC; \$7,316, provided to the CIL for the provision of transportation services; and \$1,472, expended by OVR for outreach.

OVR does not provide IL services directly, but through its part B contract with the Center for Living Independently in the Commonwealth of the Northern Mariana Islands (CLI-CNMI) for the administration of a transportation voucher program for individuals with disabilities to use accessible private Para transit services. CLI-CNMI is the only CIL in CNMI's statewide network of centers.

The islands of Rota and Tinian are considered to be the CNMI's primary underserved areas and are monitored by OVR staff and the CIL executive director.

### Personnel

OVR provides approximately .2 full time equivalents (FTE) of supports to the IL program that includes fiscal management and clerical services to the SILC, as well as use of office space and computers. The SILC does not have its own staff.

### Data Management

OVR's data management system for the IL program consists solely of the 704 annual performance report submitted to RSA on a yearly basis.

### Fiscal Management

The SILC develops its resource plan and budget in coordination with OVR, and its expenses are reimbursed through CNMI's Department of Administration. The SILC experiences periodic delays in its expense reimbursements.

The finance chair monitors the SILC's expenditures in relation to its approved resource plan budget. Although the OVR Director is the expenditure authority, OVR does not systematically monitor the part B funds it provides to the SILC or CLI-CNMI. OVR does not have a part B contract with the SILC, and has not established performance requirements for CLI-CNMI.

CNMI had a carryover of \$67,000 in part B funds in FY 2007 and FY 2008 combined. This carryover amount exceeds the \$58,000 part B funds allocation to OVR for both years.

## Quality Assurance

OVR does not have any written quality standards for the IL program or written procedures to ensure that IL service providers comply with federal requirements regarding staffing, fiscal controls and fund accounting, recordkeeping and access, Independent Living Plans (ILP), the CAP, or the release of personal information.

The SILC informally monitors, reviews and evaluates the implementation of the State Plan for Independent Living (SPIL) through quarterly meetings, executive committee meetings, and communications with the OVR Director and CIL Director.

## Planning

The FY 2008-2010 SPIL was developed jointly by OVR, the SILC and the CIL. Public forums for community input were conducted on the islands of Saipan, Tinian and Rota.

The SPIL's primary goals are to increase the community's level of awareness of the independent living movement and individual and systems advocacy; improve the provision of the four IL core services and transportation services to individuals; and expand community outreach activities. The SPIL does not identify the priority populations, though Rota and Tinian are identified as the priority geographic areas.

The SILC and SRC hold joint meetings on a quarterly basis to discuss issues of common interest and to evaluate the SPIL and VR state plan in a coordinated manner. Also, further interagency collaboration takes place through a SILC member's participation on the Council for Developmental Disabilities.

## IL Program TA Provided to OVR During the Review Process

RSA provided the following IL program TA to OVR during the review process:

- discussed outreach and strategized approaches to build IL program;
- reviewed the purpose of the IL program as outlined in section 701 of the Act, including IL philosophy; and
- reviewed the roles and responsibilities of OVR and the SILC, as outlined in sections 704 and 705 of the Act.

## Observations of OVR and Its Stakeholders about the Performance of the IL Program

RSA solicited input from OVR and a wide range of its stakeholders about the performance of the IL program. OVR and its stakeholders shared the observations below.

- CIL-CNMI and the SILC may benefit from greater oversight and capacity-building.



- SILC periodically experiences delays in expense reimbursements from the Department of Administration.
- CNMI has difficulty in identifying and recruiting knowledgeable and committed SILC members, especially from Tinian and Rota.

RSA discussed the observations of stakeholders with OVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **IL Program Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to OVR about those observations. OVR responded to each of the recommendations and in those instances when RSA and OVR agreed upon a recommendation, RSA and OVR identified the TA that RSA would provide to OVR to successfully implement the recommendation.

### **1. Program Oversight**

**Observation:** OVR does not exercise programmatic or fiscal oversight for either the CLI-CNMI or the SILC. OVR does not ensure that CLI-CNMI complies with the service provision assurances in the SPIL, particularly in the areas of IL services, eligibility, staffing, fiscal controls and fund accounting, recordkeeping and reporting, and protection and release of personal information. Neither does OVR ensure that CLI-CNMI provides transportation services and other IL services in a manner consistent with the standards and assurances of section 725(b) and (c) of the Act, including the principle of consumer choice. With regard to the SILC, OVR does not have a system to ensure that the Council is fulfilling the statutory duties outlined in section 705(c), (d), (e) and (f) of the Act.

**Recommendations:** RSA recommends that OVR:

- 1.1 establish IL oversight policies and procedures to ensure that CLI-CNMI and the SILC are fulfilling their programmatic and fiscal responsibilities under title VII of the Act; and
- 1.2 develop a new contract language and monitoring instruments based title VII of the Act and the corresponding regulations, particularly in 34 CFR 364.20 (for the SILC) and 34 CFR 364.21 through 364.59, 34 CFR 365.30 and 34 CFR 366.50 through 34 CFR 366.63 (for CLI-CNMI).

**Agency Response:** OVR concurs.

**TA:** TA is requested.

## **IL Program Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that OVR is required to undertake. OVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance

finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist OVR.

## **1. State provision of IL services**

**Legal Requirement:** Pursuant to Section 704(e) of the Act, “the plan shall provide that the State will provide independent living services under this chapter to individuals with significant disabilities, and will provide the services to such an individual in accordance with an independent living plan mutually agreed upon by an appropriate staff member of the service provider and the individual, unless the individual signs a waiver stating that such a plan is unnecessary.”

Pursuant to 34 CFR 364.4(b), “independent living services includes the independent living core services and....any other services that may be necessary to improve the ability of an individual with a significant disability to function, continue functioning, or move toward functioning independently in the family or community or to continue in employment and that are not inconsistent with any other provisions of the Act.”

Pursuant to 34 CFR 364.43(b), “the State Plan must provide that the State directly, or through grants or contracts, will provide IL services with Federal, State, or other funds.

**Finding:** OVR is not in compliance with section 704(e) of the Act because it does not provide the IL core services either directly or through grants or contracts. OVR uses approximately \$7,300 in part B funds to provide transportation services to consumers through a contract with CLI-CNMI. Transportation services are the only IL services provided by OVR, either directly or through grants or contracts.

Also, as discussed in chapter 3 of this report, OVR is not fully utilizing resources available to provide IL services. Of its \$27,464 in FY 2008 Part B funds, OVR has obligated or expended only \$6,618 (24 percent). Only \$15,028 of \$27,952 (54 percent) of its FY 2007 Part B funds have been obligated or expended. As a result, OVR has lost access to \$12,924 in unobligated FY 2007 funds and may lose up to \$20,845 in FY 2008 funds if they are not obligated by September 30, 2009.

**Corrective Action 1:** The state must take corrective action to ensure that OVR provide the four core services and other IL services, either directly or through grants or contracts.

**Agency Response:** An amendment to the SPIL has been drafted for pending approval to ensure that OVR provide the four core services and other IL services as recommended.

**RSA Response:** In its corrective action plan, in addition to the SPIL amendment, OVR must describe and implement the steps it will take to provide the four IL core services and other recommended IL services.

**TA:** TA is not requested.

**Recommendation 1:** RSA recommends that the corrective action include steps to:

- 1.1 identify and assess the most appropriate IL service delivery models and funding options;
- 1.2 develop written policies and procedures addressing the service provider requirements in 34 CFR 365.30 and 34 364.21 through 364.59;
- 1.3 arrange for staff training on the IL philosophy and the four IL core services; and
- 1.4 institute a system to effectively allocate and expend available resources to provide IL services in CNMI.

**Agency Response:** OVR concurs.

**TA:** TA is requested.

## **2. SILC Member Term Limitations**

**Legal Requirement:** Pursuant to Section 705(b)(6)(B) of the Act, “No member of the Council may serve more than two consecutive full terms.”

**Finding:** OVR is not in compliance with Section 705(b)(6)(B) of the Act due to the term expiration of a SILC member who served for more than two consecutive full terms.

**Corrective Action 2:** RSA requires that OVR and the SILC take corrective action to ensure that the SILC complies with section 705(b)(6)(B), which requires that members serve no more than two consecutive full terms.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

**Recommendations:** RSA recommends that OVR and the SILC:

- 2.1 conduct a comprehensive review of the composition and appointment requirements outlined in section 705(b) of the Act and develop a proactive new member recruitment, nomination and appointment process; and
- 2.2 develop outreach strategies to identify and recruit knowledgeable and committed SILC members from Tinian and Rota.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## CHAPTER 5: IL OIB PROGRAM

The following table provides data on OVR's OIB program performance in key areas from FY 2006 through FY 2007.

**Table 5.1**  
**OIB Performance from FY 2006 through FY 2007**

Northern Marianas Office of Vocational Rehabilitation Div Table 7.1 – Expenditures and Performance	2006	2007
Expenditures: Title VII, Chapter 2	31,399	27,135
Expenditures: Total (including Chapter 2)	31,399	27,135
Performance: Total Older Individuals who are Blind Served	44	33

### OIB Program Administration and Service Delivery

OVR provides all of OIB services directly through state agency staff. The services consist primarily of intake and purchase of services.

According to the FY 2008 7-OB Report, \$31,164 of the \$52,000 in Chapter 2 funds expended or encumbered by OVR that year was used for the provision of direct services; \$21,470 covered administrative, support staff and overhead expenses. Almost 80 percent of the direct services funds, or \$24,000, was used to purchase eye exams or physical restoration services. Twenty percent of the direct services funds, or \$6,391, was used to purchase assistive devices, aids and services. OVR expended \$385, or 1.2 percent, of direct services funds on IL services and adjustment training in FY 2008. No funds were expended for community awareness activities or information and referral services.

### Personnel

In FY 2008, OVR administered the OIB program through 1.0 FTE direct services staff and a 0.5 FTE support staff. The direct service staff provides primarily intake services and service purchases.

### Data Management

OVR's data management system for the OIB program consists solely of the 7-OB annual performance report submitted to RSA on a yearly basis.

## **Fiscal Management**

According to the 7-OB Report, OVR had \$112,560 in Chapter 2 funds available for the OIB program in FY 2008. Of this amount, the majority (\$72,520) was carryover funds from the prior fiscal year. No state matching, in-kind or other non-Title VII funds were reported for the OIB program.

## **Quality Assurance**

OVR does not have a QA system for the OIB program.

## **Planning**

OVR does not have a planning process for its OIB program.

## **OIB Program TA Provided to OVR During the Review Process**

RSA provided the following OIB program TA to OVR during the review process regarding:

- improving OVR's provision of OIB services;
- strengthening the agency's program and fiscal management and oversight;
- expanding its outreach and community awareness activities; and
- collaboration among OVR's OIB, IL and VR programs.

## **Observations of OVR and Its Stakeholders about the Performance of the OIB Program**

RSA solicited input from OVR and a wide range of its stakeholders about the performance of the VR and SE programs. OVR and its stakeholders shared the following observations:

- need for more outreach throughout CNMI, especially in Rota and Tinian;
- finding sufficiently qualified service providers and/or trained staff including orientation and mobility instructors, Braille instructors and rehabilitation teachers; and
- concerns about the availability of OVR services to meet a growing demand for services.

RSA discussed the observations of stakeholders with OVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **OIB Program Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to OVR about those observations. OVR responded to each of the recommendations and in those instances when RSA and OVR agreed upon a recommendation, RSA and OVR identified the technical assistance that RSA would provide to OVR to successfully implement the recommendation.

## 1. Service Provision and Planning

**Observation:** OVR's OIB services do not fully reflect the nature and scope the OIB program. Eye exams, low vision testing, eye glasses or other physical restorations services accounted for nearly 80 percent of the OIB services provided by OVR in FY 2008, in terms of the proportion of OVR funds used for those purposes. Another 20 percent of the OIB services provided by OVR consisted of assistive technology devices, aids and services. Adjustment skills training, communication skills training, advocacy, peer counseling, information and referral and community integration services accounted for only 1.2 percent of OVR's OIB expenditures. No funds were expended for community awareness or capacity-building activities.

In addition, the number of OIB consumers served by OVR declined from 33 in FY 2007 to 30 in FY 2008, despite an overall increase in the Chapter 2 funds used for direct services. Given the decline in numbers of individuals served and the increase service delivery expenditures/encumbrances, the number of OIB services per \$1,000 expended declined by 100 percent between FY 2007 and FY 2008, that is, from 0.12 percent to .06 percent.

**Recommendation 1:** RSA recommends that OVR engage in strategic planning to reassess and redesign its OIB program according to the purposes, activities and requirements outlined in Title VII, Chapter 2 of the Act and Chapter III, Section 34, Part 367 of the Code of Federal Regulations. Such strategic planning would focus on:

- expanding the breadth and quality of OIB services, including independent living and adjustment skills training, communication skills training, advocacy, peer counseling, information and referral services, and community awareness/capacity-building activities; and
- increasing referrals of and outreach to potential OIB consumers in Saipan, Rota and Tinian who are blind and who may benefit from the OIB program.

## 2. Resource Management

OVR is not effectively utilizing available OIB financial resources in support of older individuals with significant disabilities.

- Of its \$39,890 in FY 2008 Chapter 2 funds, OVR has obligated or expended only \$110 (0.3 percent). Only \$21,902 of \$40,000 (55 percent) of its FY 2007 Chapter 2 funds have been obligated or expended. As a result, OVR has lost access to \$18,098 in unobligated FY 2007 funds and may lose up to \$39,780 in FY 2008 funds if they are not obligated by September 30, 2009, as discussed in chapter 3 of this report.
- According to the 7-OB Report, 40 percent of Chapter 2 funds expended or encumbered were used for administrative, support staff or overhead costs, rather than direct services. As a percentage of the total, expenditures and encumbrances for the provision of direct services declined from 69 percent to 59 percent between FY 2007 and FY 2008.
- OVR's use of available OIB funds is not cost-effective because it has not established fee schedules or competitive bids processes for purchased services.

**Recommendation 2:** RSA recommends that OVR engage in efforts to identify opportunities to:

- 2.1 maximize OVR's use of available Chapter 2 funds each year, including carryover funds;
- 2.2 utilize the additional available Chapter 2 funds for the expansion of its OIB program, as discussed in Observation 1; and
- 2.3 improve the cost-effectiveness and transparency of OVR's OIB purchasing policies and procedures, including fee schedules or competitive bids processes.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.

## **OIB Program Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that OVR is required to undertake. OVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist OVR.

### **1. Eligibility**

**Legal Requirement:** Pursuant to Title VII, Chapter 2, Section 751 of the Act, "for purposes of this chapter, the term older individual who is blind means an individual age 55 or older whose significant visual impairment makes competitive employment extremely difficult to attain but for whom independent living goals are feasible."

**Finding:** OVR is not in compliance with the eligibility requirement for the OIB program because it is serving individuals under the age of 55. Based on a review of 12 consumer files, accounting for more than one-third of the 30 OIB consumers served by OVR in FY 2008, RSA found that in eight of the 12 records, individuals were under the age of 55 at the time of application. The absence of written policies and procedures and the lack of staff training may have contributed to OVR's non-compliance with the eligibility requirement.

**Corrective Action:** RSA requires that OVR take corrective action to ensure that OIB funds are used to provide independent living services only for older individuals who are blind, as defined in section 751 of the Act.

**Recommendation:** RSA recommends that OVR develop and implement policies and procedures and provide staff training on the program's eligibility requirements.

**Agency Response:** According to OVR records, all individuals served were 55 years of age or older with significant visual impairment.

**RSA Response:** Unless OVR provides documentation to support its response that all individuals served were 55 years of age or older with significant visual impairment, it must take the corrective action identified above.

**TA:** TA is not requested.

## **2. Protection, Use and Release of Personal Information**

**Legal Requirement:** Pursuant to 34 CFR 367.4(c), "the following regulations apply to the Independent Living Services for Older Individuals Who Are Blind program...(6) Section 364.56 (What are the special requirements pertaining to the protection, use, and release of personal information?)."

Pursuant to 34 CFR 364.56(a), "the State Plan must assure that each service provider will adopt and implement policies and procedures to safeguard the confidentiality of all personal information including photographs and lists of names."

**Finding:** OVR is not in compliance with 34 CFR 364.56(a) because it has not adopted and implemented policies and procedures to safeguard the confidentiality of all personal information including photographs and lists of names.

OVR does not have any written policies and procedures for its OIB program. While federal regulations explicitly require only consumer confidentiality policies and procedures, OIB would benefit from policies and procedures that address all aspects of the program.

**Corrective Action:** RSA requires that OVR take corrective action to adopt and implement policies and procedures to safeguard the confidentiality of all personal information, including photographs and lists of names, required in 34 CFR 364.56.

**Recommendation:** RSA also recommends that OVR develop a comprehensive policies and procedures manual that addresses eligibility determination, nature and scope of services, consumer appeals purchasing and procurement, program and fiscal monitoring, staff training and quality assurance as well as consumer confidentiality.

**Agency Response:** OVR concurs.

**TA:** TA is not requested.



## APPENDIX: SOURCES OF DATA

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### VR and SE Program Highlights

- Total funds expended on VR and SE – RSA-2 line 1.4
- Individuals whose cases were closed with employment outcomes - RSA-113 line D1
- Individuals whose cases were closed without employment outcomes - RSA-113 line D2
- Total number of individuals whose cases were closed after receiving services – RSA-113 line D1+D2
- Employment rate – RSA-113 line D1 divided by sum of RSA-113 line D1+D2, multiplied by 100
- Individuals whose cases were closed with SE outcomes – Total number of individuals whose employment status at closure (record position 161) = 7 in the RSA-911 report
- New applicants per million state population – RSA-113 line A2 divided by the result of the estimated state population divided by 1 million. The estimated state population is found on the following website:<http://www.census.gov/popest/states/NST-ann-est.html>
- Average cost per employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who achieved an employment outcome (record position 198 = 3) divided by the total number of these individuals
- Average cost per unsuccessful employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who did not achieve an employment outcome (record position 198 = 4) divided by the total number of these individuals
- Average hourly earnings for competitive employment outcomes - Sum of individuals' weekly earnings at closure (record position 163-166) divided by the total hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure > 0, where the type of closure (record position 198) = 3, and where competitive employment (record position 162) = 1
- Average state hourly earnings – Using the most relevant available data from the Bureau of Labor Statistics Report (<http://www.bls.gov>), state average annual earnings divided by 2,080 hours

- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100
- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 divided by all individuals of any age whose type of closure (record position 198) is 3 or 4
- Employment rate for transition population served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 multiplied, the result of which is multiplied by 100
- Average time between application and closure (in months) for individuals with competitive employment outcomes - Average of individuals date of closure (record position 201-208) minus date of application (record position 15-22) in months where type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Standard 1 – To achieve successful performance on Evaluation Standard 1 the DSU must meet or exceed the performance levels established for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5).
- Standard 2 – To achieve successful performance on Evaluation Standard 2, the DSU must meet or exceed the performance level established for Performance Indicator 2.1 (.80) or if a DSU's performance does not meet or exceed the performance level required for Performance Indicator 2.1, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.

### **IL Program Highlights (From RSA 704 report)**

- Title VII, Chapter 1, Part B Funds – Subpart I, Administrative Data, Section A, Item 1(A)
- Total Resources (including Part B funds) – Subpart I, Administrative Data, Section A, Item 4
- Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)

- Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total individuals accessing previously unavailable transportation, health care, and assistive technology - Subpart III, Section B, Item 2, sum of (A) + (B) + (C)
- Total FTEs - Subpart I, Section F, sum of Item 2 for the column
- Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column

#### **ILOB Program Highlights** (From RSA 7-OB Form)

- Expenditures: Title VII, Chapter 2 - Part I-Sources and Amounts of Funding, (A)(1)
- Expenditures: Total (including Chapter 2) - Part I-Sources and Amounts of Funding, (A)(6)
- Performance: Total Older Individuals who are Blind Served - Part III-Data on Individuals Served During This Fiscal Year, (B)-Gender, sum of (1) + (2)
- Staffing: Total FTEs - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column "Total FTEs: State Agency + Contactors"
- Staffing: Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column "FTEs with Disability"